

Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

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PRS-01 L-03 /088 W

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R 241717Z JUN 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5532

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

USMISSION NATO

AMEMBASSY PARIS

USMISSION GENEVA

USNMR SHAPE

AMCONSUL BELFAST

AMCONSUL EDINBURGH

UNCLAS LONDON 10550

USEEC ALSO FOR EMBASSY

USOECN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ELAB, UK, PINT

SUBJECT: JUNE FIGURES SHOW UNEMPLOYMENT INCREASE

REF: LONDON 8761

SUMMARY. THE MONTHLY UNEMPLOYMENT FIGURES, ANNOUNCED

ON JUNE 21, SHOW THAT THE UNEMPLOYMENT SITUATION DE-

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TERIORATED DURING THE MONTH TO MID-JUNE. THE FLOW OF
SCHOOL-LEAVERS ON TO THE REGISTER WAS THE MAJOR EXPLANA-
TION FOR THE INCREASE IN THE CRUDE TOTAL OVER THE
PREVIOUS MONTH. THE JUNE FIGURES ARE LIKELY TO COMPLI-
CATE THE CURRENT NEGOTIATIONS BETWEEN THE GOVERNMENT AND
THE TUC OVER THE EXTENSION OF WAGE RESTRAINT WHEN THE
CURRENT POLICY EXPIRES AT THE END OF JULY. END SUMMARY.

1. FIGURES RELEASED BY THE DEPARTMENT OF EMPLOYMENT THIS WEEK SHOW THAT THE TOTAL NUMBER OF REGISTERED UNEMPLOYED ON JUNE 9 WAS 1,390,401 IN GREAT BRITAIN AND 1,450,055 IN THE UNITED KINGDOM. THESE FIGURES REPRESENT 6.0 PERCENT AND 6.2 PERCENT OF THE WORKING POPULATION RESPECTIVELY. EACH OF THESE TOTALS INDICATES AN INCREASE OF OVER 100,000 ON THE PREVIOUS MONTH, THE VAST MAJORITY OF THIS INCREASE BEING COMPRISED OF THE LARGE NUMBER OF SCHOOL-LEAVERS WHO HAVE JUST BECOME AVAILABLE FOR WORK.

2. AFTER THE NORMAL SEASONAL ADJUSTMENTS, ADULT UNEMPLOYMENT FOR THE MONTH REACHED 1,297,700, OR 5.6 PERCENT OF THE WORKING POPULATION IN GREAT BRITAIN AND 1,352,800 (5.7 PERCENT) IN THE UNITED KINGDOM. EACH OF THESE TOTALS REPRESENTS A 0.2 PERCENT INCREASE OVER THE PREVIOUS MONTH.

3. THE JUNE FIGURES REPRESENT SOMETHING OF A REVERSAL OF THE PATTERN ESTABLISHED OVER THE LAST NINE MONTHS. THE STABILITY OF UNEMPLOYMENT IN THE LIGHT OF ONLY SLIGHTLY INCREASING OUTPUT HAD CONFOUNDED MANY COMMENTATORS. SOME INTERPRETED THIS STABILITY AS A VINDICATION OF GOVERNMENT POLICIES ON EMPLOYMENT SUPPORT AND STIMULATION. THERE IS LITTLE DOUBT, HOWEVER, THAT THE

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GOVERNMENT WILL FIND THE MOST RECENT DATA SOMETHING OF AN EMBARRASSMENT IN ITS NEGOTIATIONS WITH TUC REPRESENTATIVES OVER A THIRD STAGE OF INCOMES POLICY. THESE FORMAL NEGOTIATIONS OPENED EARLIER THIS WEEK, AND SUPPORT FOR THE GOVERNMENT FROM MANY UNIONS HAS BEEN LINKED TO DEMANDS FOR INCREASED ACTION ON THE CURRENT HIGH LEVELS OF UNEMPLOYMENT.

4. THE IMMEDIATE FUTURE HOLDS LITTLE PROSPECT FOR A REDUCTION IN THE UNADJUSTED FIGURES. THE DATA FOR JULY WILL BE INFLATED BY THE REST OF THIS SUMMER'S SCHOOL-LEAVERS WHO COULD PUSH THE NUMBER OF UNEMPLOYED LEAVERS UP BY A FURTHER 115,000.

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